

SENATOR HIGGINS: Well I mean as a total, what does the state pay out?

SENATOR V. JOHNSON: Oh I believe we lose about 6 million.

SENATOR HIGGINS: About 6 million. Could you tell me why we do not pay businessmen to collect income tax?

SENATOR V. JOHNSON: We pay businessmen no money to collect the income tax because we allow them to put the money they have withheld from their employees in their own bank account for three months, draw interest thereon and then remit the quarterly payments.

SENATOR HIGGINS: And how often do they remit sales tax?

SENATOR V. JOHNSON: Monthly.

SENATOR HIGGINS: How recently did we do that?

SENATOR V. JOHNSON: We have been having monthly remittances on the sales tax ever since the beginning. The collection fee on the sales tax was 3 percent at the beginning, but a couple of years ago it was changed from 3 percent for small...I'm sorry, from 3 percent for the large retailers down to 1.5 percent for the large retailers, but still left a 3 percent for the very small retailers.

SENATOR HIGGINS: So in reality the sales tax is something that also does bring or does cost the state \$6 million.

SENATOR V. JOHNSON: Yes, actually I think that...

SENATOR HIGGINS: And allowing those who collect income tax, they also make money off of it by investing it for three months.

SENATOR V. JOHNSON: Yes, they get to.

SENATOR HIGGINS: I wonder if we could not make up some of the shortfall by no longer paying people to collect those taxes. It seems an inequity there to me.

SENATOR V. JOHNSON: I have a bill for you to introduce next session.